

SPRING 1968

# INTERNATIONAL BANK NOTE SOCIETY



*President* J. N. LAWRENCE

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This issue of the society magazine is dedicated to the memory of George Sten whose sudden death came as a great shock to all his friends and fellow collectors throughout the world. His memory will live on as long as there are collectors of paper money in his two volumes of "Banknotes of the World" which have been acclaimed by all collectors as the standard reference works for our hobby.

# International Banknote Society



**President:** J. N. Lawrence

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Editor:

C. C. Narbeth, Mayfield, Kirby Road, Walton-on-Naze,  
Essex, England.

### FRONT PAGE PICTURE

What is this note and the story behind it? Members are invited to write an article on it. The best entry will be published and the first, second and third will receive notes from this set.

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# **"Fanning Island Plantations Ltd Australian Currency, One Pound Notes" Emergency Issue**

By R. F. WEBB

The British Line Islands comprise Christmas, Washington and Fanning Islands, 1,000 miles south of Hawaii. Incorporated in the Gilbert and Ellice Island Colony in 1919, they are all low, flat, coral atolls.

Christmas Island was discovered by Capt. Cook on his third voyage in 1777.

Fanning and Washington Islands were discovered by Capt. Fanning (American) of the "Betsy" in 1797. Capt. Fanning named "Washington" after George Washington, "Fanning" after himself.

Fanning Island has a circumference of 26 miles, with a large centre lagoon. It had the only relay station of the cable between Vancouver, B.C., Canada and Sydney, Australia, until June, 1963 when it was closed.

At the beginning of World War II the population was approximately 740 (men, women and children). A large proportion of the population worked for Fanning Island Plantations Ltd. (a subsidiary of Burns, Philp & Co. Ltd., Sydney, Australia) on the Company's two coconut plantations, Fanning and Washington. The British Commissioner was Brian Keegan of the Gilbert & Ellice Island Colony.

Washington Island coconuts are indigenous and have never been planted. Fanning Island coconuts have all, except for one or two small groves been planted, commencing around 1880. Washington Island commenced exporting coconut oil around 1860, Fanning Island began exporting around the turn of the century.

Mr. P. F. D. Palmer took over the management of Fanning and Washington Islands early in 1937, later that year Mr. R. G. Garrett joined him and was placed in charge of Washington Island. Late in 1941, Mr. Palmer enlisted in the Royal Australian Navy, closed down Washington Island, and brought Mr. Garrett to Fanning Island as manager. The Australians at the cable station (about one dozen and their wives and children) were sent back to Australia when the New Zealand troops took over the island; later a U.S. task force of 169 men relieved them.

Because of the cruel developments in the Pacific at that time, due to the Japanese expansion, it became impossible for Burns, Philp & Co. Ltd. of Sydney to forward supplies, including currency with which to pay the Gilbertese labourers working the plantations.

Mr. Garrett with initiative and the aid of the U.S. Military found his way to Hawaii and had a quantity of "one pound" notes printed there, the date would be late 1943 or early 1944. Only 1,000 notes were released for circulation and use (the remainder obviously being held in reserve and not subsequently used). The numeration of the notes began at Serial No. 1,000; the highest serial number known is 1,997.

No notes are known with serial numbers before 1,000; two notes with serial numbers higher than 2,000 have been reported and it is assumed these are from the reserve stock. It is obvious from their appearance, with various penned signatures, that they were given away as souvenirs to friends.

Of the 1,000 notes issued and after much research we can account for approximately 450 notes, of which it is estimated no more than 50 exist as entires.



It has been reported that those notes issued, were subject to the restriction, "That no one, other than those under British jurisdiction, have or use them". At the time of writing I have been unable to determine whether this statement is factual.

When Mr. Palmer returned from war service late in 1945, bringing with him supplies including normal Australian currency, the "Fanning Island" notes were withdrawn and all but the estimated few were defaced by bisecting (cutting them in halves, vertically).

The defaced halves were used later, for the purpose of admission tickets to the movies by the copra plantation workers. From the appearance of these halves which are marked with a **blue pencilled "1/-" on the left-hand half** and a **red pencilled "2/-" on the right-hand half**, which also includes the only serial number which the notes contain, these pencilled values indicate the admission price to the movies.



The intact notes retained were for sentimental and historical reasons. The whereabouts of 30 are known and it is assumed that perhaps 50 could exist. Of the bisected halves (matched l.h. and r.h.) the existence of 365 are known and it is assumed that 400 could exist. It is only as a result of this article that those persons having possession of intact and bisected notes, informing the writer of the serial numbers of same, that an accurate indication can be obtained as to the total number of notes in existence and the blank numbers eliminated.

These "notes" are a most interesting piece of Australiana and World War II currency.

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Chinese Paper Money (Kann) Provincial ... .. 12s. 6d.

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(Orders can now be taken for Beginner's Guide to Collecting Old Paper Money, by Colin Narbeth, published by Lutterworth Press. Expected release date May/June. Expected price 18s. 6d.)

# LIBRARIES

Your Society has two Libraries for the convenience of our members. The Curators and locations are:

Mr. Wren L. Culkin,  
Philamatic Center,  
Boys Town, Nebraska,  
U.S.A.

Mr. Peter Spiro,  
The Institute of Bankers,  
10 Lombard Street,  
London, E.C.3, England.

Nothing is more important to the serious numismatist than books and similar source material. Some of us like to build up our own libraries, others enjoy the use of the Society's materials. With the growing interest in banknotes there is an increased need to strengthen our Libraries. This can be done in several ways:

1. It would be a gracious gesture if all our members who have, or in the future do publish, books would send one copy to each of our Libraries. This alone would add a sizable number of titles to our list of books.
2. Check your own library for duplicates or books in which you are no longer interested and send them to one of our Libraries.
3. Any money sent to our Libraries for the purchase of books is used to the best advantage. Libraries buy at wholesale prices so money sent to them goes further than if individual members make the purchases.
4. **Memorials**—Many members have asked about a tribute to our honoured member George Sten. What could be more fitting than sending books or money for the purchase of books to one of our Libraries to be marked as a donation IN MEMORY OF GEORGE STEN.

Memorials may be sent at any time and a notation will be placed in the front of the book that it is given

"IN MEMORY OF \_\_\_\_\_"

Lists of donations will be published from time to time. Let's all do something for our Libraries during 1968.



## Secretary's Page

First, my thanks to all members who have been co-operative, patient, and helpful in getting the records of your Society in order. A special word of thanks go to Jimmie Lawrence, Colin Narbeth, and Joe Sullivan who have all given a great deal of time to this endeavour. By the time you read this you will have received the new Membership Directory, which shows you that progress has been made.

As promised dues statements are going out monthly. We are working on the basis that a membership will lapse if dues are as much as three months in arrears. For example: dues payable in January will cause a membership to lapse if not paid by 31st April. With postage, printing and all expenses going up we cannot afford to carry delinquent accounts.

Many thanks to all of you who have suggested new members. We hope each of you will be responsible for at least one new member in 1968. If you haven't already done so begin talking to your paper money friends about joining your Society. Building our Society is the responsibility of every member. We have 21 new members in January, 1968—keep up the good work.

Since this must be written in January for the March issue of our Journal, much of what I might say will be out-dated by then. Just know your officers are hard at work and hope to have several interesting announcements to be made in the Summer (May) issue of the Journal.

Who will be responsible for reporting new issues of paper money? Who will keep us up-to-date on new books related to Bank Notes? Let's have some volunteers for these and other activities.

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# **PRESIDENT'S CORNER**

The sudden death of our Chartered member, George J. Sten has removed from us one of the most respected and best loved figures in the world of Paper Money.

The author of several books and journals on paper money and many unique articles on the subject, George's greatest work was left unfinished: the unsurpassed assimilation of the four-volume "Bank Notes of the World" series, two of which have been published.

George was a personal friend of mine and he was always most helpful when I called upon him for aid in research into Bank Notes or for answers to "impossible" questions; quick to assist with any matter pertaining to the advancement of our Society and generally a most valuable person to have on our Committee.

On behalf of our Society, I wish to send our sincere condolences to his relatives and friends.

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Through this letter I wish to inform members that our Secretary, Mrs. Ruth Hill has done a magnificent job in righting the Society's records. We had been labouring without a secretary for six months when Mrs. Hill undertook the massive task of wading through the affairs in arrears. She has most capably dealt with complaints, mislaid dues, misinformed members and she has even found time to draw several lost sheep back into the fold. If I had a gold medal, Mrs. Hill would get it!

Ruth Hill and Cale B. Jarvis are again doing the spade work in publishing the new Membership Directory. We thank them for undertaking this job for the second year.

While on the subject of thanks, I wish to thank the following list of members for contributing their duplicate bank notes to my diminishing fund of notes for distribution to our new members: Dr. Arnold Keller, Messrs. J. A. Burgers, David Atsmony, Hans M. Shulman, and a special thanks to Norman Shultz who sent 200 notes. Other contributors have been mentioned in previous issues of this magazine. I have 15 parcels of notes to send

out to new members which will be posted sea mail and should reach their destinations within the next six weeks. I feel that I cannot ask for any more notes to continue this unique gift service, and it is with regret that I must admit that I have only enough notes to send to a further twenty or thirty people. I have taxed the generosity of donors to the maximum and I shall beg no longer.

Our Society is looking for an active auctioneer—and the operative word is “active”. This is an entirely voluntary service and the auctioneer collects 15 per cent from all transactions for the International Bank Note Society. I have approached several folks personally but to no avail. If anyone is interested please contact Mrs. Ruth Hill for further information.

Looking through my membership list I find that we have a very large number of European members, and I feel that it is time I approached them for some articles on paper money which they collect. We are amply supplied with translators so language is no barrier. If we want our magazine to remain an interesting journal then we must, each and every one of us, do our small share. All articles should please be sent direct to Colin Narbeth, our Editor.

Owing to strenuous business commitments in my home country I shall not be attending the 1968 A.N.A. and C.N.A. Conventions. However, I have been amply recompensed by a visit to South Africa by Committee member Cale B. Jarvis from Toronto, Canada. It is the first time that one of my overseas friends has honoured me and my family by visiting our lovely country. Cale stayed with us for some twenty days and during this time my wife and I endeavoured to show him as much of this part of the world as we possibly could. He visited the Pretoria Mint, Kruger National Park Game Reserve, Cape Town and several towns along the Indian Ocean. He made a flying visit to the Victoria Falls in Rhodesia and Zambia. He was a most delightful guest and we only hope that this will not be the last visit he will make.

I wish all members “Good Hunting” for 1968.

Yours sincerely,

JIMMIE N. LAWRENCE.

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# **Background to Bank of England Note Issue of 1928**

By IVOR ANTHONY

On July 2nd, 1928, after a great deal of discussion, debating, amendments and re-amendments, the House of Lords eventually passed the Currency and Bank Notes Act of 1928 and after its return to the Commons for a Final Reading and the "receiving of the Royal consent" it was eventually entered in the "Statute Book" and became law.

This Act of Parliament was to have considerable influence both on the financial machinery of the country, on the Economic Climate and on the ordinary man in the street immediately after its legalisation becoming complete.

In effect the passing of the Act made effectual the Bank of England's function as agents for the government and for the National Currency and Bank Note Issue.

From the very date of the passing of the Act no other Bank in the Kingdom had the right to issue either Bank Notes or Currency Notes or to retain the Statutory Gold reserves for the redemption thereof. The Act at the same time made official the Bank of England's right to issue both one pound and ten shilling notes as legal tender and the right for the acceptance of Bank of England notes anywhere outside of London without the said Notes being made payable at each place where issued and the right for the Bank to only be liable for the redemption of the said notes at its Head Office in Threadneedle Street, London.

The debating and drafting of the Act had also brought about for the first time the inclusion of a Section on a Bank Note Act which operates as a safety measure against any attempt to deface the notes.

The Act furthermore gave the right to any person who happened to be in possession of notes from five pounds and upwards, to exchange the notes at any time during the Bank's hours of business either at its Head Office or Branches, for either one pound or ten shilling notes. It also included a sub-section which gave the Bank the power subject to three months' notice in the London, Edinburgh and Belfast Gazettes to call in both one pound and ten shilling notes of any series provided a new series had been printed to the same value as a replacement. The Law in its clauses managed to tie up any loose ends, existing at the time with regard to the Fiduciary Note Issue existing at that time (July, 1928) giving the Bank the right to issue notes to the value of £260,000,000 sterling in excess of the gold coin and Bullion

Reserve stored in the vaults of its Issue Department. With a proviso that the Treasury may at any time on request from the Bank reduce this figure to any amount they may think fit, and as an added measure of prudent banking finance, the statute provided that the Bank at certain regular or irregular intervals transferred securities to its Issue Department, of sufficient value to cover its Fiduciary Note Issue, with option that the said securities may include silver coin up to an amount not exceeding five and one half million pounds, the last loophole against any Act of imprudence on the part of the administrators of the Bank being the right of the Treasury to request detailed information from the Bank at certain intervals with respect to the Bank's securities being held in the Issue Department. In the light of the numerous safety measures incorporated in the various clauses and sub-sections of the Act the government of the day did allow one measure of flexibility by virtue of a sub-section in the statute enacting that the Bank on receiving permission from the Treasury may increase its Fiduciary Note issue over and above the stated figure of £260,000,000 sterling. Another interesting feature of the Law which appears to be rather surprising in the light of General Banking Practice is the system of Valuation the Act specified for the valuing of the government securities which it demands should be periodically transferred to the Bank Issue Department to cover the Fiduciary Note Issue. The statute in fact states in a special sub-section that the said securities should be valued at the Market Price less Accrued Interest contrary to the common practice in banking under similar circumstances of Under Valuing Assets, as a Measure of Prudence. The Act also throws some light on the government's attitude as to why the Bank's accountancy system should operate with relation to matters of tax. So far as the Issue Department is concerned it states quite clearly and categorically for the purposes of tax payments, "Any profits accruing from or in connection with the Issue Department shall be construed as revenue to the Exchequer and any operating expenses resulting from the administration of the same department shall not be classified as Bank of England expenditure.

Section Seven of the Act may also be of some interest to notologists interested in the background to British Bank Notes issued during and after July, 1928. It stipulates that Section Six of the Bank Act of 1892 which specifies that all notes issued in the United Kingdom within forty years of the date of issuance shall be written off, that twenty years shall be substituted for the forty years. Section Twelve of the statute which is the last but by no means least interesting Section of the Act of interest to notologists concerned with the history and background of the British Bank note, states that any person who prints, stamps or in any way impresses any words, letters or figures on a British Bank Note shall be liable on Summary Conviction to a fine not exceeding one pound.



# GERMAN INFLATION PERIOD CITY NOTES

By F. PHILIPSON

Most of our readers have found a place in their collection for some of the fascinating 1921-22 German Inflation Note issue that followed immediately after the W.W.I. They are so numerous, that they seldom command individual attention, yet, in many, much thought had been put into the design and preparation, to command the attention of the would-be collector. I have mentioned it that way, for when it was realised that they would be much sought after, greater attention was paid to combining history, folklore, legends, pictures of famous buildings and also tourist propaganda. When we read that 3,900 cities, etc., issued some 26,120 different notes between 1916 and 1922, and that in 1921-22 another 12,000 different serial notes were issued, we are not surprised that on September 17th, 1922, a general prohibition was ordered by the Reichstag and large stocks were disposed of for the benefit of collectors.



Of the many in my collection, I have singled out notes issued by Oberammergau in July, 1921, the 25, 50 and 75 pf. These carry the story that links up with the performance of the Passion Play which takes place every 10 years.

It all began with a promise made in the year 1634, when a death-dealing plague was spreading over Europe. It was wiping out whole parishes and villages and as it was approaching

Oberammergau, the Council and the Elders met together in prayer and they pledged themselves to produce a Passion Play every 10 years if they might be spared. It so happened that the plague spread no further and they have kept their promise. For over 200 years the outside world knew little about this promise being kept, but now thousands flock to this Bavarian village to witness this moving presentation that brings the Bible before us as a living thing. It was this that my wife and I were most fortunate to see in 1960, as part of an audience of 5,000 where no applause was heard, not even a picture taken, all intent and following what we saw, from being seated by 8.15 a.m. till nearly 6 p.m. with only a break for lunch.

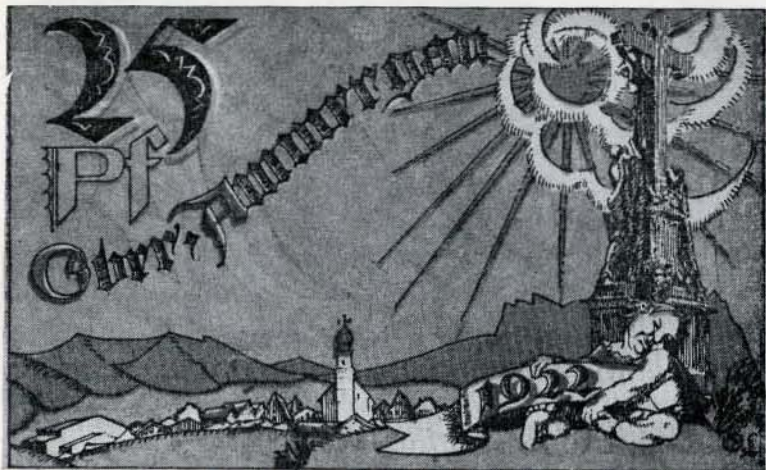


Out of the population of this large village, 1,000 take part. No outsiders are selected by the committee of 24 men, who after attending church service take into consideration the character and background of the person chosen for the part to be played. The women must be single, and in all 123 speaking parts are available. The choir is some 50 strong and the orchestra itself is never seen, but its combination was superb supporting the dramatic, colourful scenes from the Old and New Testament; you can even imagine that you have joined the throngs that crowded the streets of Jerusalem and mingled with the disciples themselves. Yes, the words were in the German language, but they need no translation, they just come to you and you understand.

I should mention that there are no paid actors, the exception is that whatever they lose in salary from their usual occupation, is made up to them and substitutes are used in performances at times, for to give at least four days a week from May till September is no easy task and as the casting takes place almost two years beforehand, this may already be in hand for 1970.



You do not have to wait until then to visit Oberammergau, is lovely setting selects it as a tourist centre at any time. Its quaintness, with its artistic paintings on the outsides of the houses, which in many ways tell a story such as we find in Grimm's book of Fairy Tales brings your camera out immediately to capture its



beauty. I am certain that many of you already have such records, for we noticed visitors from U.S. and Canada very prominent among those present.

If one can recall so much interest from the three notes that I have in my collection, what untold history lies with yours beyond the mere recording in one's catalogue; the educational value is really unlimited.

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# The Treasury Notes of the Colony of British Columbia

By RONALD GREENE

Several writers have made mention of notes of the Colony of British Columbia. Robie Reid wrote of the existence of Government Notes<sup>1</sup> issued in 1862 and possibly in 1861 also. Allan Klenmen revived this belief in articles in *Coin World*<sup>2</sup> and the *Canadian Numismatic Journal*<sup>3</sup> which were apparently based on Reid's statements. J. D. Ferguson, in a general article on British Columbia paper money and banks<sup>4</sup>, made a passing reference to such notes. Recent research published by the Vancouver Numismatic Society<sup>5</sup> in its series of monographs has, it is hoped, clarified some of the questions arising from the earlier works. It has been confirmed that there was not an issue of Treasury Notes made in 1861. However, in 1862 authorisation was given to issue 2,400 notes of \$25, 1,000 of \$10 and 1,000 of \$5.00. Special paper made in Edinburgh, bearing an 1860 watermark and a rough specimen were sent to Colonel Moody of the Royal Engineers in New Westminster. The first notes were issued on June 19th, 1862. The notes were intended to be paid to the road contractors as advances as their work progressed. The contractors were to pay their workmen with the notes and receive them back for provisions. Governor Douglas was adamantly opposed to allowing the notes to be used as legal tender. The issue was made for a specific purpose and was intended to be in circulation only a few months.

From June 19th until August 13th, 1862 a total of \$34,000 consisting of 1,200 x \$25, 200 x \$10 and 400 x \$5 were issued. Treasury records reveal the following cancellations:<sup>6</sup>

	\$
During July, 1862	815
August	12,875
September	17,040
October	1,945
November	455
December	605
	<hr/>
Total	\$33,735
	<hr/>
During 1863	185
	<hr/>
	\$33,920
	<hr/>



In 1865 another \$40 was cancelled, these being single notes of \$25, \$10 and \$5 held as specimens. No evidence of further cancellations has been found and therefore it may be assumed that there is still \$40 outstanding. This amount could possibly be a set of three notes.

- 
1. R. L. Reid, *The Assay Office and the Proposed Mint at New Westminster*, Victoria, B.C., 1926 (Archives Memoir No. VII), pp 14-16.
  2. Issue of June 22nd, 1962, p 33.
  3. A. Klenman, "Canada's First \$25 Bill", *CNJ*, Vol. 7 (August, 1962) p 433.
  4. J. D. Ferguson, "Some Notes on Early British Columbia Paper Money and Banks", *Vancouver Numismatic Society News Bulletin*, Series 2 Vol. 4 No. 7 (September, 1944), p 44.
  5. Willard E. Ireland, and Ronad A. Greene, *Treasury Notes of the Colony of British Columbia*, Vancouver, B.C., 1966 (available from the Secretary, P.O. Box 2467, Vancouver 3, B.C., \$1.00), 17 pp.
  6. *Ibid*, p 14.
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## W A N T E D

for our Numismatic Library

International Bank Note Society Journal—1961—1st issue.

International Bank Note Society Journal—1964—summer issue.

Foreign Paper Money Journal—Vol. 1, No. 5 (Nov. 1957).

Foreign Paper Money Journal—Vol. 2, No. 4 (Oct. 1958).

World Paper Money Journal—No. 10, April, 1960.

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# PIONEER COLLECTOR *(Continued)*

**Dr. Arnold Keller**

After the 1918-1919 issue of great notes in Germany there came only the small notes and it was soon apparent that they were being issued for collectors. Cities would issue six notes where one would have been enough so that they could gain from collectors.

Finally in 1922 the government prevented further issues. This resulted in the speculators deciding to sell their holdings and, of course, the prices dropped.

But only three months later the German economy was such that the government had to ask cities to again issue their own small notes. Meanwhile inflation was getting worse and the value of the mark diminished. Soon local administrators were called upon to produce their own notes, mostly for 50, 100, 500 and 1,000 marks but by the Spring of 1923 for 1,000, 5,000 and 10,000 marks. Within a few months it was impossible to redeem most of these notes.

We now began a worse period of inflation than we had ever experienced. In September, 1923 the shops closed between 1 p.m. and 4 p.m. and during this time new prices were put on the wares according to the course of the mark. Wages had to be paid each day so that the money did not depreciate too much before the workers had a chance to spend the money.

How strange things were at this time. My sister and I spent four weeks in the Bavarian mountains in the autumn of 1923, not then being able to tell how the inflation was going to personally affect us. A cousin in the United States sent us each a dollar bill. We lived in our hotel for a week and then I went to the bank to change the dollar notes. To my surprise about half the German money received from one dollar bill was sufficient to pay the bill! So we passed four weeks at this good hotel in a beautiful region (near Schliersee)—two people for two dollars.

Then my affairs came near to despair. Nobody came any more to my shop and nobody paid anything. But I had three girls to pay and also needed money for myself. One day two Swiss ladies came into the shop and bought a good number of notes. They paid in Swiss notes and this saved the day for me. I was able to pay all my staff and buy them each a box of chocolates—for I thought to myself "This may be the last time I can afford to buy anything!"



On November 20th, 1923 we received new money, the Rentenmark. One rentenmark equalled one billion of the old money—and slowly life began to get back to normal.

I began sending lists out and offering to buy. At one time we had a clothes-basket full with letters which we took to the Post Office. The results were good and some days I received more than 100 notes—with some excellent ones among them.

After the inflation the notes were often expressed in dollars or francs or in merchandise. Naturally, as these notes held their value, they were not so easy to obtain as the depreciated inflation notes.

I was able to buy some good collections, particularly from Mr. Volkmann and was in contact with another great collector, Max Schmid from Baden near Vienna. I had met him at a collectors' day in Nurnberg, 1922. He seemed to have a great deal of money and was accompanied by a manservant. He collected paper money with a passion and travelled through Germany. He was exceptionally lucky and always seemed to manage to obtain what others wanted but could not get—not once, but time after time. He was sometimes a guest in my house and helped me often with supplements for my books. His death came as a great loss to our hobby. His collection was bought by Baron von Hoscheck-Muhlhaimb in Vienna. I never met this gentleman but I know he had a large collection and built a pavilion in his gardens to accommodate the collection. Mr. Kardakoff, the author of the standard Russian catalogue, visited him and told me that he had a superb collection of Russian Czar notes—many current notes being collected in sequence number!

One of the most valuable collections at this time was that formed by Dr. Ehrenfeld. He was a collector in Vienna about 1890 and at a great exposition in Vienna he displayed his collection of paper money. The Austrian officials were so impressed with this collection that they resolved to assist him. The Austrian Foreign Office wrote to all diplomatic representatives in foreign countries asking if they could obtain specimens of the various banknotes and send them to Dr. Ehrenfeld.

On his death the collection disappeared. Then I received an offer (about 1927) from a book-dealer in Australia. He offered this collection for half a million marks. I could not afford to buy at that price. Since then knowledge of this collection has disappeared but presumably it exists somewhere. At this time my principal purchaser became the Marquis of Bute of whom I had heard it said he was the richest man in Great Britain. One day he and his

Lady came into my shop and bought a lot of emergency notes without telling me who they were and asking for more to be sent to them. When the cheque came I saw the signature and realised who it was. From then on I was soon sending him batches of notes that he wanted and always he paid promptly every three months.

I offered him the Max Schmid collection which he accepted, but unfortunately for me Schmid had meanwhile sold the collection himself without telling me. To make good my offer I had no choice but to deplete my own collection and lost some 1,000 notes in this manner. Later I bought many collections and put notes back into my own collection but I never made good the original loss.

It became apparent to me that we were going to war and I wrote to Miss Power, his secretary, in London and suggested the collection be removed from the house in Belgrave Square for safety. In one of the early German air-raids on London the whole collection—or nearly the whole, was burned. It was a terrible thing. In Germany the two best collections of old German notes were also destroyed by the war, the collections of Aurich and Friedrichshafen. The famous Reichsbank collection was, most of it, stolen.

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# A History of the Regular Banknote Issues of South Africa

By W. BERGMAN

## THE CAPE OF GOOD HOPE

Hostilities between the Netherlands and England at the end of the 18th century were largely responsible for the advent of banknotes on the South African scene. In the early days of the Cape barter was extensively used, but when this was not possible, coins were the only means of payment. In 1782 the Dutch Governor van Plettenberg was obliged to issue the first banknotes in the Cape owing to his inability to procure from the Netherlands—the homeland—a sufficient quantity of coin for the requirement of the settlement. These earliest banknotes were issued in rixdollar and stiver denominations, the currency of the Cape at that time.

In 1788, owing to heavy post-war spending, a further note issue became necessary and took place, and from then onwards the banking history of the Cape, as well as that of the other provinces of today's Republic of South Africa, can be traced through the unending issues of paper-money.

There was as yet no printing press in the Cape, hence all banknotes until about 1803 were hand-written. They featured a Government fiscal hand-stamp indicating their value, and the authority-date of the issue. After 1803 all banknotes were printed, yet for some time to come, they continued to show the fiscal hand-stamp.

Further issues were made, but the Cape Government was still the sole authority to issue banknotes, and this remained so even after the British administration had taken over from the Dutch. In 1831 the Cape rixdollars were replaced by the currency of Britain, i.e. the pound sterling, and again it was the Government which issued the first banknotes in the new currency. These notes did not remain in circulation for long. By 1852 most of them had been withdrawn and destroyed. Thereafter the Cape Government did not issue further banknotes on its own account.

The Lombard Bank was the first bank to be established in the Cape. It was a state bank and opened its doors in 1793 with the view to bringing additional money into circulation and thus assisting those who suffered from lack of currency. This bank had been entrusted with the issuing of the Government banknotes. In 1843 it closed, when it was forced out of business by the private banks.

As early as 1825 private enterprise had applied to the Government for permission to establish a commercial bank in the Cape. After much Government opposition Mr. J. B. Ebdon, the original

applicant, finally received this permission, and in 1837 he opened in Cape Town the first private bank under the name of Cape of Good Hope Bank.

As Governor Lord Charles Somerset had decreed in 1822 that no banknotes for less than 50 rixdollars (£3 15s. 0d.) were to be issued, the lowest denomination for any banknote circulating in the Cape until 1891 was £4. Banknotes of lower denominations can be found, but as they invariably turn up unsigned, it is quite obvious, that they never circulated. In fact, these appear to have been printed before actual permission had been granted to establish commercial banks. Two of the larger private banks did print £1 notes, but these were used for their branches outside the Cape.

As the hinterland developed and trade expanded, more private banks came into existence. Altogether some 30-odd sprang up between 1837 and 1882. Most of these issued their own paper-money, some only in one, others in more than one denomination. Resulting from various causes, often mismanagement, many of these failed and were short-lived. Three large trading houses as well as one mining firm issued their own paper-money between 1850 and 1860, in an endeavour to facilitate trade in the areas in which they operated.

In 1861 the first so-called Imperial (London registered) bank appeared in the Cape, this being the London and South African Bank, which opened up in Cape Town. Although this bank established a few branches in the Cape Colony, its life was short. In 1877 it was taken over by another Imperial bank, the Standard Bank of British South Africa Ltd., which had opened up at Port Elizabeth in 1863. Two other Imperial banks entered the Cape subsequently. All these new banks issued their own paper-money. With large capital behind them and properly conducted they made it their business to open up branches throughout the Cape, and to take over as many of the remaining private banks as was possible. By 1892, they, between them, had absorbed all but one of these, this being the Stellenbosch District Bank, established in 1882 and which still exists to this day.

At this stage it must be mentioned that a people of mixed blood, the Griquas who originally called themselves the Bastards, had moved in 1863 from the Orange River to Mount Currie, an area near Kokstad. Although they had become British subjects, they governed themselves through a Volksraad. This governing body resolved in 1867 to issue a paper currency for its own people. Although banknotes were especially printed for that purpose, nothing came of the venture and the notes were never placed into circulation.

In the year 1891 the Cape Government promulgated a law to the effect that henceforth all banks wishing to issue banknotes would have to deposit securities with the Treasury to cover their proposed note issue. The many bankruptcies were the reason for this precaution. Once a bank had deposited this security it would



receive from the Treasury Government-printed banknote forms in the desired denominations. On these so-called Cape Uniform Banknote forms a prominent space was left blank for the issuing bank to have its name and a number of signatures inserted. Hence from 1892 onwards until 1920 all banks issuing their own paper-money in the Cape used the same type of banknotes.

At the time of Union in 1910, three of the Imperial banks, joined by a comparative newcomer from the Transvaal, were the only survivors to issue paper-money in their own name in the Cape Province.

## NATAL

Let us now leave the Cape and turn to Natal. Right from the start, British money was legal tender there. However, in the second half of the 19th century a shortage of small change was experienced, consequently private tokens and good-fors made their appearance. A need for paper-money arose, yet the Natal Government never issued banknotes and left this matter in the hands of private enterprise.

It would seem that the first banknotes issued in Natal belonged to a firm of Pietermaritzburg traders by the name of Archbell, Lawton & Puckering. These notes were dated about 1852, but none appear to have survived. Thereafter, commercial banks followed this lead. When the Natal Bank opened its doors in Pietermaritzburg in 1854, it at once commenced issuing banknotes. The pattern of development thereafter was very similar to that in the Cape. Three private banks came to life around 1862, all having their own banknote issues. None of these undertakings lasted long. Another bank was planned but not established. The first Imperial bank to enter Natal was once again the London and South African Bank, which opened a branch there in 1862. The Standard Bank of British South Africa followed suit the year thereafter, having established itself previously in the Cape. Quite some time later the other Imperial banks came to Natal. Incidentally, the Natal Bank had, comparatively speaking, a long life. It only disappeared from the scene in 1914, when it was taken over by the National Bank of S.A. Ltd.

No Government restrictions existed in Natal appertaining to the denominations of paper-money issues. Although towards the end of the 19th century some 10/- banknotes made their appearance, in the main only notes of £1 and up were placed into circulation in Natal.

*To be continued*

